

Hon. Karen Overstreet
Ex Parte

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

In Re:) Chapter 11
)
CLI HOLDINGS, INC. dba ALYDIAN,) NO. 13-19746
)
Debtor.) DECLARATION OF PETER VESSENES
) IN SUPPORT OF EX PARTE MOTION
) FOR ORDER TO SHORTEN TIME TO
HEAR MOTION FOR BIDDING
PROCEDURES ORDER AND FOR SALE
OF ASSETS

I, Peter J. Vessenes, make this Declaration in support of the Motion for Order to Shorten Time for hearing the Motion to Approve Bidding Procedures and Sale of Assets under 11 U.S.C § 363.

1. I am the managing director of the debtor, CLI Holdings, Inc. dba Alydian ("Alydian"). I have personal knowledge of these facts stated herein.

2. Alydian owns and operates certain inventory and systems designs necessary to implement a large scale Bitcoin mining operation consist of mining rigs (the "Rigs"). The Rigs are comprised of 36 Systems (the "Systems"). The speed of each of the Systems is measured in "terra hashes" or "TH." Each of the Systems generates an average of 5 TH. Alydian has currently deployed about 135 TH, and the Bitcoin network as a whole has deployed

1 approximately 6,000 TH in the same period. The total now standing (as of this declaration) is at
2 9,500 TH per second.

3 3. The market price for mining is volatile, but, based on my informal survey of the
4 market, it appears it is trending downwards. Market prices have dropped from \$70-80k per TH
5 to \$40k per TH in the last few weeks. I believe this depreciation is due to a decline in Bitcoin
6 prices and the successful launch of KnC Miner's new product offering.
7

8 4. Another reason to expedite this sale hearing is because Bitcoin mining companies
9 are planning on delivering mining rigs in the first two quarters of 2014 in large numbers.
10 However, if Alydian can sell its Rigs before these are delivered by competitors, the market may
11 afford Alydian a higher price for sale.
12

13 5. CoinLab, Inc. ("CoinLab") is a Delaware corporation which owns 65% of the
14 common stock of Alydian. Key employees of CoinLab, Inc., which provide their services to
15 Alydian, have negotiated for incentive compensation and we anticipate they will continue to
16 provide their services only through the end of January, 2014. Alydian needs to ensure it has
17 sufficient time to transition the Rigs to a purchaser or purchasers while these employees are still
18 available.
19

20 6. For the reasons set forth above, I strongly believe it will be in the best interest of
21 Alydian's creditors to expedite a sale of Alydian's assets.

22 I declare under penalty of perjury under the laws of the State of Washington that the
23 foregoing is true and correct.

24 Signed in _____ Massachusetts this 23rd day of December 2013.
25

26 _____
Peter J. Vessenenes